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United States Attorney
Southern District of Illinois

Nina
File
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June 11, 1996

Mr. Roger Fones, Antitrust Division
Department of Justice
Room 9104
Judiciary Center Building
355 4th Street, N.W.
Washington, DC 20001

Re: [REDACTED]

b7D

Dear Mr. Fones:

The memorandum that was faxed to you yesterday gives you a broad outline of what [REDACTED] has knowledge of concerning the Frito Lay situation. What I failed to mention in the memorandum is that [REDACTED] has contacts and names and numbers throughout the country regarding the experiences of other distributors with Eagle Snacks. He advised that he felt there were a number of people who he has talked with who are unwilling to volunteer their experiences, but if the right questions were asked of these people, they would respond.

[REDACTED] I would request that you please copy me any correspondence with him, or otherwise let me know of your followup.

Thank you for your attention to this matter.

Very truly yours,

W. Charles Grace

W. CHARLES GRACE
United States Attorney

WCG\ks
cc: [REDACTED]

FRITO-LAY/EAGLE 60-2096-0002

RWF
DNK
HALE

PTACEK
ALEXANDER, CINDY - EAG
SWEENEY

JONES
CASE

ARCHIVE

United States Department of Justice

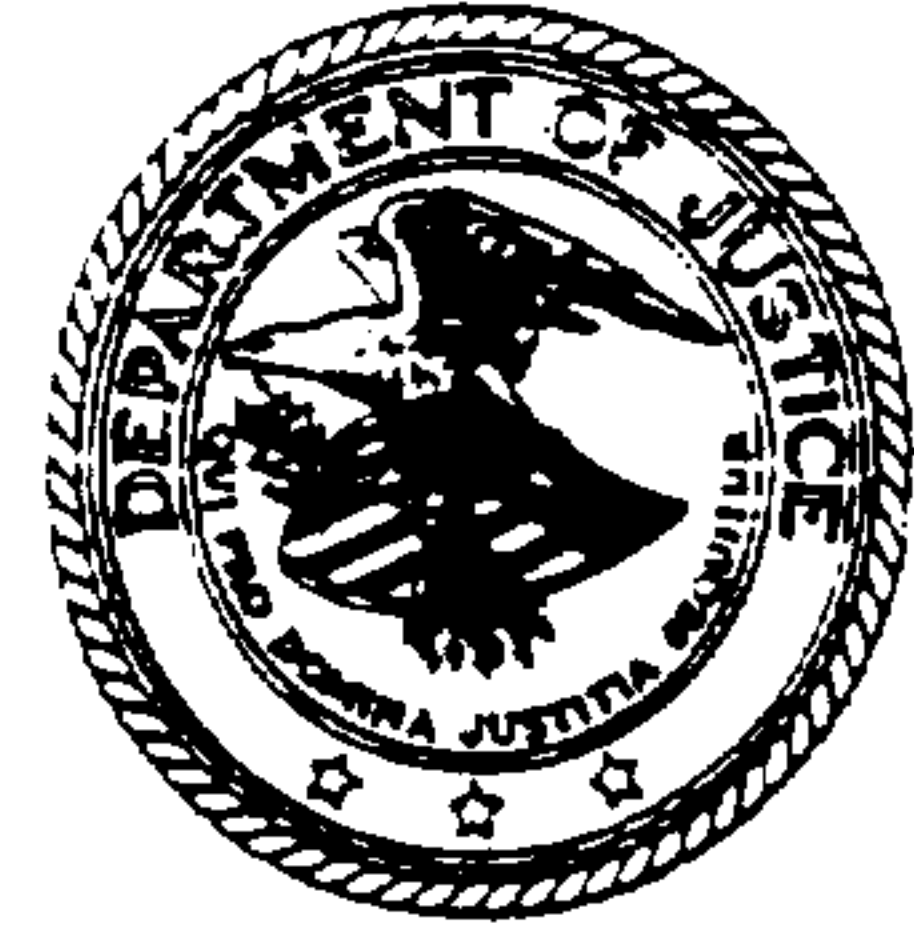
Antitrust Division

Transportation, Energy and Agriculture Section

325 Seventh Street, N.W., Suite 500

Washington, DC 20530

Fax Number: 202/307-2784 or 616-2441



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FAX COVER SHEET

DATE: May 31, 1996

TO:

of:

Fax Number:

FROM: Jill Ptacek

Phone Number: (202) 307-6607

Pages Sent (including this sheet): 3

Remarks:

Is there some driving reason for Frito Lay to be doing the things I believe them to be doing? Yes! It is quite simple. In my opinion, it is corporate paranoia and the fear that Frito Lay experienced while fighting off the challenge of Eagle Snacks and the great regional snack companies. The giant fears the prospect of some other company winning over consumers by making a superior product, packaging it better, distributing it effectively, marketing it flawlessly, and then tracking it effectively as it grows in consumer acceptance. Frito Lay is using these methods to eliminate the possibility of a good competitor winning the consumer fairly in the marketplace.

It is the responsibility of government to insure that ethics and legal business principles are maintained by all companies doing business in this country. Government must see that companies can compete freely and fairly in the effort to gain a wider consumer acceptance. Allowing large companies to run roughshod over the competition only threatens the very existence of a free enterprise economic system in this country. Eventually the consumer is the loser. This is a lot like having a major basketball power build the arena wherein the competition takes place, only to allow the major power the right to freeze out its' competition by charging an unaffordable "fee to play". This insures an undefeated and unchallenged position for the major power, and ultimately leads to the demise of the sport for lack of interest. Without the challenge of competition, there is no prospect for improvement of the game.

To conclude, when large companies are permitted to target their marketing programs at the competition instead of the consumer, then it should be obvious that the large company has as its' ultimate goal, the complete monopolization of the category of consumer goods it participates in. This is restraint of trade. It is illegal. Please examine the Snack Food Industry and the Retailers so that you can discover those "dirty little secrets" that are running good companies out of business and endangering the livelihoods of many families in this industry.

Very truly yours,



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page 4)

ENCLOSURES

cc:

Senator John Warner - Virginia
Senator Jesse Helms - North Carolina

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